

FOR YOUR INFORMATION


City of Cincinnati



Interdepartmental Correspondence Sheet

Date: August 24, 2012

To: Mayor and Members of City Council

From:  Milton Dohoney, Jr. City Manager

Subject: **2012 Second Quarter Small Business Enterprise (SBE) Report**

Attached is the 2012 second quarter SBE Report. The quarterly SBE Report is part of the implementation of the OPEN Cincinnati Task Force's recommendation. The quarterly SBE Reports allow the City Administration to make an assessment of where it is in meeting the annual categorical goals and strategize or plan for the months to follow. The City's SBE annual categorical goals are 30% construction, 15% supplies/services and 15% professional services of the total dollars spent. Presently there are 434 certified Small Business Enterprises (SBEs) in a pool of about 10,121 registered vendors, which compete for City business. The SBEs represent only 4.28% of registered vendors with the City. The geographical base for certification eligibility is Hamilton County. Therefore, the determinative factor when measuring goal attainment is to look at the City spend with SBE vendors in Hamilton County compared to the City's all vendor spend in Hamilton County.

The City accomplished spending 20.9% or \$9,473,139 with certified SBEs overall in this second quarter. The categorical breakout for spending equals 28.3% construction, 13.3% professional services and 7.9% supplies/services. The City's 2012 second quarter SBE spend with certified small businesses located in the jurisdiction of Cincinnati was 20.7% or \$6,317,628 overall. The categorical breakout for the Cincinnati jurisdiction equals 26.6% construction, 12.4% professional services and 11.6% supplies/services.

The targeted group for the City's SBE Program is small businesses. Small businesses can be majority owned, minority owned, men owned and women-owned businesses. The City's SBE program is race and gender neutral. However, the City tracks and reports its expenditures with certified SBEs that have voluntarily provided information on race and gender through the SBE application process. The voluntary information vendors provide on race and gender is not verified.

In second quarter 2012, the City's SBE spend with minority SBEs (African American, Asian American, Hispanic American, and Native American) was \$1,250,726 or 13.2%. The City's SBE spend with women SBEs in second quarter 2012 was \$2,495,556 or 26.3%¹. The second quarter 2012 City's SBE spend with African-American SBEs (the largest minority demographic group) was \$976,732 or 10.3%. Since the City's SBE Program is race and gender neutral, there are no set goals for minority and women-owned businesses. These demographic comparisons are based upon total SBE spend.

Intensive implementation of OPEN Cincinnati occurred in second quarter 2012. Under the guidance of the Office of Contract Compliance (OCC), SRL Consulting, Inc. has implemented consulting services directly related to the recommendations of OPEN Cincinnati as stipulated in the City agreement. SRL Consulting has been intimately involved with writing legislation, assisting with the coordination of outreach events, providing input in bidding processes, working directly with department directors in creating SBE action plans, referring SBEs for certification and developing internal training modules.

¹ To prevent double counting, minority-female owned companies are counted with the minority group only. Women SBEs consist only of white-female owned companies.

2012 Second Quarter Certification

Certification is for two years at which businesses must renew their certification. If businesses do not renew, the certification expires. OCC received 71 SBE applications in second quarter 2012, some were first-time applicants and some were renewals. To date, OCC has 434 certified SBEs (including 19 Banks SBEs) in the data base. Of the City-certified SBEs that voluntarily provided information on race and gender, the statistics are as follows: 93 are Women Business Enterprises (WBEs) and 165 are Minority Business Enterprises (MBEs). To avoid double counting, minority-women-owned businesses are counted with minority businesses and WBEs consist only of white-female-owned businesses. There are 157 white-male-owned certified small businesses. There are 19 SBE applicants that did not specify either race or gender. OCC tracks information on race and gender when voluntarily provided by the applicant through the certification process. Again, the City's SBE Program is race and gender neutral; therefore, information provided on race and/or gender is not confirmed. OCC also certifies small businesses specifically for The Banks Project. The Banks Project SBE application does not ask about race or gender.

The Office of Contract Compliance has created a streamlined certification process that will significantly decrease paperwork for some applicants. Since the State of Ohio's EDGE Program certification process and the Small Business Administration 8(a) Program certification process are predominately similar to the City's SBE certification process, these two certifying agencies certificates have been approved for the City's streamlined certifications. Applicants holding certificates from the State EDGE Program or the SBA's 8(a) Program may be allowed to go through a streamlined process for City certification as a SBE. The streamlined process only includes a one page application, an affidavit, submittal of the approved agency's certificate and a site visit. The streamlined certification process should be functioning within 30 days.

2012 Second Quarter Outreach Highlights

In May, OCC held its SBE Trade Fair at the Duke Energy Center. OCC changed the format by providing 80 free booth spaces to certified SBEs. This format change allowed SBEs to showcase their business brands, products and services to City representatives. Therefore City buyers, directors and other representatives visited the booths occupied by certified SBEs. Additional certified SBEs, Non-certified SBEs and others were able to purchase booth space for a low fee of \$50.00. The allowance of non-certified SBEs assisted OCC in its recruitment efforts to reach out to small businesses considering SBE certification. Some prime contractors purchased booth spaces to network with certified SBEs and City representatives. The African American Chamber was a marketing sponsor of the event, and the Regional Chamber provided its support to the event as well. The SBE Trade Fair was very successful with over 300 people in attendance.

In June, OCC provided representation at the Procurement Technical Assistance Center's (PTAC) and the US Environmental Protection Agency's (EPA) Small Business Trade Fair. As a participant, OCC disseminated information to small businesses on the City's certification process, the benefits of being certified and upcoming opportunities.

The OCC's television show, *Government and Small Business*, which airs six days a week on CitiCable provided useful information during the second quarter. This television programming accomplishes multiple objectives. It is a means to showcase certified SBEs, giving them exposure to City departments and the local community while also channeling vital information to, for and about small businesses. In April, the show featured G&J Mansions, a City-certified small business that provides real estate services. In May and June the show's topic was on effective professional service providers. Five City-certified SBEs in professional services were featured: The Voice of Your Customer, Kolar Design, Inc., Howard Reynolds Associates, Keramida Environmental Inc., and Vivian LLambi Associates. The guests shared information on their companies, success stories in getting contracts (including City contracts) and gave pointers on how to profitably do business in the public and private sector.

2012 Second Quarter SBE Spend Report

The 2012 second quarter total expenditures with SBEs (SBE spend) are delineated in Attachment I. This document compares the total SBE spend to the total City vendor spend. The SBE spend report provides information broken down by geographical boundaries and categories representing the spending activity by the City with certified SBEs. The City's SBE annual categorical goals are 30% construction, 15% professional services and 15% supplies/services. The data is generated from the Cincinnati Financial System (CFS) using object codes and the online tracking system of SubContrak. The SubContrak system is an automated technically coded tracking system that captures direct spend with SBEs and indirect spend with SBEs. Direct SBE spend happens when the City pays dollars directly to a certified SBE; indirect spend happens when payment is made to a certified SBE through a subcontracting scenario. For example, a certified SBE is a subcontractor to a Prime contractor or a subcontractor to a large firm. The second quarter SBE vendor spend for construction is 28.3%, it is 13.3% for professional services and 7.9% for supplies/services. The quarterly SBE Reports allow the City Administration to make an assessment of where they are in meeting the annual categorical goals and strategize or plan for the months to follow.

2012 Second Quarter SBE Spend Report by Race and Gender

Tracking of the City's SBE spend with businesses based on race and gender is delineated in Attachment II. Attachment II compares total SBE spend (or total expenditures with certified SBEs) to expenditures of certified SBEs that identified race and gender. The City accesses information on race and gender when businesses provide the information voluntarily on the SBE application. Race and gender information provided by businesses is not confirmed because the City has a race and gender neutral program.

Conclusion

The quarterly reports are a snapshot of how the City is doing in reaching the annual categorical goals. An assessment of the quarterly reports provides information to determine if the City is on target of meeting the annual categorical goals of 30% construction, 15% professional services and 15% supplies/services. The information gathered each quarter is used to strategize for the coming months in meeting and/or exceeding the annual categorical goals.

C: David Holmes, Assistant City Manager
Rochelle Thompson, Contract Compliance Officer 

City of Cincinnati SBE Report - Actual Dollars Spent - Excludes MSD Expenditures*
Between 4/1/2012 and 6/30/2012

SBE Spend in Hamilton County				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$7,586,805	\$19,204,168	\$26,790,972	28.3%
Prof Services	\$1,038,220	\$6,794,787	\$7,833,007	13.3%
Supplies/Services	\$848,113	\$9,820,056	\$10,668,169	7.9%
GRAND TOTAL	\$9,473,139	\$35,819,011	\$45,292,149	20.9%

SBE Spend in Cincinnati				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$4,844,939	\$13,386,314	\$18,231,253	26.6%
Prof Services	\$798,263	\$5,623,861	\$6,422,124	12.4%
Supplies/Services	\$674,325	\$5,148,459	\$5,822,784	11.6%
GRAND TOTAL	\$6,317,528	\$24,158,633	\$30,476,161	20.7%

SBE Spend regardless of Location				
Category	SBE Spend	Non-SBE Spend	All Spend	Percent SBE Spend
Construction	\$7,586,805	\$26,269,132	\$33,855,937	22.4%
Prof Services	\$1,038,220	\$9,689,506	\$10,727,727	9.7%
Supplies/Services	\$848,113	\$21,535,173	\$22,383,287	3.8%
GRAND TOTAL	\$9,473,139	\$57,493,812	\$66,966,950	14.1%

Note: SBE goal attainment is based on percentage of City Certified SBE dollars spent as compared to total dollars spent in Hamilton County.

Non-competitive expenditures and contracts awarded to nonprofits, other government entities and interdepartmental transactions are excluded from the SBE Report

*** MSD has it's own SBE program. It is a dual Hamilton County/City organization and SBE numbers must be obtained directly from that agency. This report does include expenditures for Stormwater, since they go through the City's purchasing division of finance**

Demographic Breakdown of City of Cincinnati SBE Spend - Excludes MSD Expenditures*
Between 4/1/2012 and 6/30/2012

SBE Minority/Female Spend in Hamilton County

Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared	Total SBE Vendors
Construction	\$426,440	5.6%	\$269,234	3.5%	\$0	0.0%	\$0	0.0%	\$695,675	9.2%	\$1,830,078	24.1%	\$5,048,108	66.5%	\$12,944 0.2%	\$7,586,805
Professional Services	\$366,964	35.3%	\$4,760	0.5%	\$0	0.0%	\$0	0.0%	\$371,724	35.8%	\$300,864	29.0%	\$365,633	35.2%	\$0 0.0%	\$1,038,220
Supplies/Services	\$183,328	21.6%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$183,328	21.6%	\$364,615	43.0%	\$239,139	28.2%	\$61,032 7.2%	\$848,113
RAND TOTAL	\$976,732	10.3%	\$273,994	2.9%	\$0	0.0%	\$0	0.0%	\$1,250,726	13.2%	\$2,495,556	26.3%	\$5,652,880	59.7%	\$73,976 0.8%	\$9,473,139

SBE Minority/Female Spend in Cincinnati

Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared	Total SBE Vendors
Construction	\$146,467	3.0%	\$218,387	4.5%	\$0	0.0%	\$0	0.0%	\$364,854	7.5%	\$698,819	14.4%	\$3,768,322	77.8%	\$12,944 0.3%	\$4,844,939
Professional Services	\$360,791	45.2%	\$4,760	0.6%	\$0	0.0%	\$0	0.0%	\$365,551	45.8%	\$274,280	34.4%	\$158,432	19.8%	\$0 0.0%	\$798,263
Supplies/Services	\$173,686	25.8%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$173,686	25.8%	\$286,213	42.4%	\$153,395	22.7%	\$61,032 9.1%	\$674,325
RAND TOTAL	\$680,943	10.8%	\$223,147	3.5%	\$0	0.0%	\$0	0.0%	\$904,090	14.3%	\$1,259,313	19.9%	\$4,080,149	64.6%	\$73,976 1.2%	\$6,317,528

SBE Minority/Female Spend regardless of Location

Category	African American		Asian American		Hispanic American		Native American		MBE		White Female		White Male		Undeclared	Total SBE Vendors
Construction	\$426,440	5.6%	\$269,234	3.5%	\$0	0.0%	\$0	0.0%	\$695,675	9.2%	\$1,830,078	24.1%	\$5,048,108	66.5%	\$12,944 0.2%	\$7,586,805
Professional Services	\$366,964	35.3%	\$4,760	0.5%	\$0	0.0%	\$0	0.0%	\$371,724	35.8%	\$300,864	29.0%	\$365,633	35.2%	\$0 0.0%	\$1,038,220
Supplies/Services	\$183,328	21.6%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$183,328	21.6%	\$364,615	43.0%	\$239,139	28.2%	\$61,032 7.2%	\$848,113
RAND TOTAL	\$976,732	10.3%	\$273,994	2.9%	\$0	0.0%	\$0	0.0%	\$1,250,726	13.2%	\$2,495,556	26.3%	\$5,652,880	59.7%	\$73,976 0.8%	\$9,473,139

This report shows the percentage of the SBE-MBE and SBE-WBE spend compared to total SBE spend, not total City spend. To compare SBE-MBE and SBE-WBE spend to the total City spend may understate the percentages due to additional MBE's and WBE's not being certified SBE's.

Non-competitive expenditures and contracts awarded to nonprofits, other government entities and interdepartmental transactions are excluded from the SBE Report

MSD has its own SBE program. It is a dual Hamilton County/City organization and SBE numbers must be obtained directly from that agency. This report does include expenditures for stormwater, since they go through the City's purchasing division of finance